

KNOWLEDGE ECONOMY

Kentucky's postsecondary institutions are critical to the state's efforts to compete in the knowledge economy, which is driven by rapid technological change and knowledge-intensive activity. Kentucky needs more effective partnerships between postsecondary institutions and small and medium-sized businesses, and Kentucky's scientists and entrepreneurs need help converting ("commercializing") the results of basic research into marketable products that can benefit Kentuckians and Kentucky's economy.

Recent legislation addresses these needs and puts Kentucky's postsecondary institutions at the center of the state's knowledge economy efforts. In 2000, the Kentucky General Assembly passed The Kentucky Innovation Act. It created the Kentucky Innovation Commission and the Office for the New Economy within the Cabinet for Economic Development to help develop knowledge economy policy. The Council on Postsecondary Education, the Cabinet for Economic Development, the University of Kentucky, and the University of Louisville are key players.

The 2000 Act gave the Council administrative responsibilities and policy leadership for four initiatives to stimulate research and development, university-business collaboration, and rural involvement in high technology growth:

The Research and Development Voucher Program provides funds to small and medium-sized Kentucky-based companies that partner with Kentucky universities to undertake research and development on technologies with commercial potential.

The Commercialization Program provides initial funding to develop promising technologies emerging from Kentucky's universities.

Regional Technology Corporations are designed to support clusters of knowledge-based businesses, primarily in rural areas of Kentucky.[?]

The Rural Innovation Program funds research, development, and entrepreneurial projects proposed by rural, Kentucky-based, small companies in partnership with Kentucky postsecondary institutions, Small Business Development Centers, and other research and development entities. The Council has contracted with the Kentucky Science and Technology Corporation to manage daily operations of these programs.

The Kentucky Innovation Act also designated the Council as the fiscal agent for a statewide entrepreneurial audit (findings published October 26, 2001). The Council has served as fiscal agent since 1985 for the Kentucky Experimental Program to Stimulate Competitive Research, a federal program that promotes states' science and technology development through partnerships with state universities, industry, and government.

[?] The Regional Technology Corporations were repealed in 2002 and recreated as six regional Innovation and Commercialization Centers, managed by the Office for the New Economy.

Kentucky's five priority research areas representing high-potential technology clusters are:

- human health and development
- biosciences
- information technology and communications
- environmental and energy technologies
- materials science and advanced manufacturing

Questions Governing Board Members Might Ask

1. What are our institutions' long-term strategies for developing programs that support knowledge economy initiatives?
2. How do we assure that students are prepared for knowledge economy jobs?